

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

-against-

GEORGE ILOULIAN,

Defendant.

ORDER

21 Cr. 579 (PGG)

PAUL G. GARDEPHE, U.S.D.J.:

Defendant Ilouliau pleaded guilty to conspiracy to commit wire fraud on July 26, 2022. (July 26, 2022 Plea Tr. (Dkt. No. 41)) Sentencing is currently scheduled for March 13, 2023, at 3:00 p.m.

The Indictment alleges that Ilouliau engaged in two fraudulent schemes to avoid paying customs duties: the “double-invoicing scheme” and the “fabric-type scheme.” As to the fabric-type scheme, the Indictment alleges that

[Defendant’s company] directed an overseas manufacturer to misstate the composition of the fabric in the apparel [it imported] in order to obtain a lower duty rate. Specifically, the invoice would indicate that the imported goods were predominantly made of cotton rather than from man-made fibers, even though the reverse was true. The information in the invoice was then presented to [United States Customs and Border Patrol], which allowed [Defendant’s company] to pay a lower amount of customs duties than [Defendant’s company] actually owed, because materials containing more cotton than man-made materials are subject to lower duty rates.

(Indictment (Dkt. No. 1) ¶ 6)

Ilouliau is also a defendant in a qui tam False Claims Act case pending before this Court. The qui tam action involves factual allegations similar to those in the Indictment. (See United States ex rel. Lahijani v. Delta Uniforms, Inc., 19 Civ. 3290 (PGG) (Dkt. No. 7)

Govt./Intervenor Cmplt. ¶ 43 (“In order to reduce the amount of customs duties they would pay

to the United States, Defendants submitted false invoices to [United States Customs and Border Patrol] on certain garment imports that mischaracterized the goods as being made predominantly of cotton. . . .’))

In a March 10, 2023 submission, Joe Lahijani – the relator in the qui tam case – asserts that “[r]ecently obtained information suggests that Mr. Ilouljian is continuing to engage in at least the fabric-type fraud” alleged in the Indictment and in the qui tam complaint. According to Lahijani, Ilouljian continues to engage in customs fraud “through [Delta Uniforms] which, to Relator’s knowledge, Mr. Ilouljian continues to own and operate.” (Mar. 10, 2023 Lahijani Ltr. (19 Civ. 3290 (PGG), Dkt. No. 15) at 2)

Lahijani states that in February and March of 2023, he purchased Delta Uniforms clothing from stores in New Jersey. Lahijani purchased two pairs of pants – each labeled “55% cotton, 45% polyester” – and a shirt labeled “50% cotton, 45% polyester, 5% spandex.” Lahijani had the pants and shirt “tested by a fabric testing laboratory, Vartest Laboratories.” Vartest reported that the pants and shirt were 100% polyester. (Id.) Lahijani further states that “garments that are made of 100% man-made material like polyester are subject to a higher customs duty rate than garments that contain cotton.” (Id.) The laboratory reports are attached as exhibits to Lahijani’s declaration. (Lahijani Decl. (19 Civ. 3290 (PGG), Dkt. No. 15-1) at 4-12)

Lahijani goes on to state that – while he “has no ability to determine when exactly the Delta scrubs he purchased . . . were imported” – “it seems highly likely that they were imported after the filing of the indictment in this case on September 20, 2021, and probably after the time that Mr. Ilouljian pled guilty on July 26, 2022.” Lahijani further reports that “[i]t appears from public websites, such as ImportYeti.com, that Delta imported a container of

merchandise in December 2022, for example.” (Mar. 10, 2023 Lahijani Ltr. (19 Civ. 3290 (PGG), Dkt. No. 15) at 3) Lahijani goes on to assert that “Mr. Ilouljian is likely continuing to engage in at least the fabric-type fraud alleged in the case.” (Id.)

Lahijani’s allegations are extremely serious and must be resolved prior to sentencing. Accordingly, the Defendant and the Government will make submissions responding to Lahijani’s letter and declaration by **March 24, 2023**, and sentencing is adjourned to **April 7, 2023, at 3:00 p.m.**

Dated: New York, New York
March 11, 2023

SO ORDERED.

A handwritten signature in cursive script, reading "Paul G. Gardephe".

Paul G. Gardephe
United States District Judge